

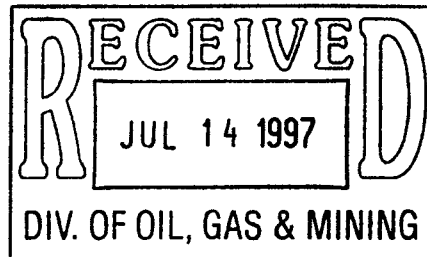


GENWAL
RESOURCES, INC.

P.O. Box 1420 • 195 North 100 West • Huntington, Utah 84528
Telephone (801) 687-9813 • Fax (801) 687-9784

July 9, 1997

Mr. James W. Carter, Director
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801



**Re: Permit for Surface Expansion, Crandall Canyon Mine, Genwal Resources, Inc.,
ACT/015/032-96-1, Folder #3, Emery County, Utah.**

*File
Green Bidders, SLO
Copy to #3 PFO*

Dear Mr. Carter:

I have enclosed an original of the above permit, which I have signed, for the Division's use. I have kept the other permit, which I have signed, for our files.

The one condition of the permit, which must be met by August 27, 1997, should be met shortly, as George Cook is determining the productivity.

We appreciate the Division's work and cooperation with us on this permit application.

Sincerely,

Gary E. Gray
Reclamation Engineer

FEDERAL

PERMIT
ACT/015/032

June 27, 1997

**STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801
(801) 538-5340**

This permit, ACT/015/032, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining ('DOGM') to:

***Genwal Resources, Inc
P. O. Box 1420
Huntington, Utah 84528
(801) 687-9813***

for the Crandall Canyon Mine. Genwal Resources, Inc. is the lessee of federal coal leases SL-062648, U-54762 and UTU-68082, State Coal Leases ML-21568 and ML-21569, and of a fee-owned parcel affected by surface operations. Genwal Resources, Inc. is also authorized to mine a federal Right-of-Way which provides access to the state leases. A performance bond is filed with the DOGM in the amount of \$1,654,000.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement ('OSMRE'). DOGM must receive a copy of this permit signed and dated by the permittee.

Sec. 1 STATUTES AND REGULATIONS - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

Sec. 2 PERMIT AREA - The permittee is authorized to conduct underground coal mining activities on the following described lands within the permit area at the Crandall Canyon Mine situated in the state of Utah, Emery County, and located:

Township 15 South, Range 6 East, SLBM

Section 25: S 1/2,
Section 26: S 1/2,
Section 35: All, and
Section 36: All.

Township 15 South, Range 7 East, SLBM

Section 30: Lots 7-12, SE 1/4,
Section 31: All, and
Section 32: S1/2SW1/4, SW1/4SE1/4.

Township 16 South, Range 6 East, SLBM

Section 1: Lots 1-12, SW 1/4, and
Section 2: All.

Township 16 South, Range 7 East, SLBM

Section 5: SW1/4, and
Section 6: S1/2NE1/4, Lots 1- 4 (NE1/4NE1/4).

This legal description is for the permit area of the Crandall Canyon Mine. The permittee is authorized to conduct underground coal mining activities connected with mining on the foregoing described property subject to the conditions of the leases, the approved Right-of-Way, the approved mining plan, including all conditions and all other applicable conditions, laws and regulations.

Sec. 3 COMPLIANCE - The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.

Sec. 4 PERMIT TERM - This revised permit expires on May 13, 1998.

Sec. 5 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and R645-303.


The above conditions (Secs. 1-18) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: 

Date: June 27, 1997

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.


Authorized Representative of the Permittee

Date: July 8, 1997

ATTACHMENT A

Stipulation #1 R645-301-321, by August 27, 1997, Genwal Resources, Inc. will gather required productivity information and submit for incorporation into the permit application package.

LETTERS OF CONCURRENCE